



# Business-to-Business Internet Marketing



Seven Proven Strategies for Increasing Profits through Internet Direct Marketing

“This is by far the best book on Internet Marketing yet.”

— Database Marketing Institute

**Barry Silverstein**

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## About This Book

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Web sites can be navigated at will and, in a sense, this book can be, too. You can read it sequentially or move around from chapter to chapter.

Chapter 1 discusses the Age of the “e” in order to demonstrate the impact the Internet has had on business in general and specifically on business-to-business interactions. It suggests that a new response model called “intersponding” is emerging as a result of the Internet’s vast influence. This chapter has been completely updated for the fourth edition, taking into consideration new statistics and the Dot-Com Crash of late 2000–early 2001.

Chapters 2 through 10 cover the seven proven Internet marketing strategies that are the core of this book. The fourth edition offers new material here, including additions and modifications to each strategy, more examples, and more screen captures to illustrate examples. These screen captures are the copyrighted property of the Web site owners.

Chapters 2, 3, and 4 cover the first strategy, generating and qualifying leads. Chapter 2 discusses how to use your Web site, while Chapter 3 covers online advertising and Chapter 4 deals with e-mail marketing.

Chapter 5 covers the use of Internet events for marketing, and Chapter 6 addresses the continuing growth of e-fulfillment.

Building customer relationships is the topic of Chapter 7, and Chapter 8 covers a major growth area for b-to-b marketers: communities and exchanges.

Chapter 9 addresses Internet partnerships from both affiliate marketing and channel partner perspectives.

Chapter 10 is the last, but not least, of the seven strategies: using e-commerce.

The final chapter, Chapter 11, encapsulates all the strategies and provides a road map for integrating online and offline marketing.

The book concludes with a resource section that has been completely revised and updated for the fourth edition. Appendix A provides a list of every Web site referenced in this book in order of appearance. It also contains an expanded listing of Web sites and books that have been specially selected for the business-to-business marketer. Appendix B is a greatly expanded glossary of direct and Internet marketing terms.

## **Your “Members Only” Web Site**

The Internet marketing world changes most every day. That is why there is a companion Web site associated with this book. On this site, you will find the latest Internet marketing news, book updates, expanded information, and other business-to-business Internet marketing resources. However, you have to be a member of the “Business-to-Business Insider’s Club” to gain access to this site.

When you purchased this book, you automatically became a member (in fact, this is the only way to join). To access the companion Web site, go to the Maximum Press Web site located at *www.maxpress.com* and follow the links to the “Business-to-Business Internet Marketing” companion Web site. When you try to enter the companion Web site, you will be prompted for a User ID and Password. Type the following:

- For User ID: b2b4e
- For Password: drift

You will then be granted full access to the “Members Only” area. After you arrive, bookmark the page in your browser and you will never have to enter the User ID and Password again. Visit the site often and enjoy the Internet marketing news and information with our compliments—and thanks for buying the book. We ask that you not share the “User ID” and “Password” for this site with anyone else.

# Introduction

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The original edition of *Business-to-Business Internet Marketing* filled a need in the marketplace. At the time of its publication, it was the first book to show how to apply proven business-to-business (b-to-b) direct marketing principles to the Internet.

Thankfully, the popularity of the book, along with the continuous and dramatic change that is occurring in Internet marketing, demanded that second and third editions be published. This book has been published in several international editions as well.

Since the publication of the third edition, however, two fundamental market changes have occurred, and they set the tone for this fourth edition.

The first fundamental change is the fact that the strategies originally identified in *Business-to-Business Internet Marketing* are now widely accepted practices. In fact, although this book was an early entry, there are far more Web sites, e-newsletters, trade publications, and books addressing the b-to-b Internet world today.

This is because one of the brightest areas of promise on the Internet is business-to-business and, with it, b-to-b marketing. B-to-b marketers have adopted Internet marketing for lead generation and qualification. They are pioneering the use of Internet events for marketing. B-to-b marketers increasingly integrate e-fulfillment into their marketing programs. They are building customer relationships, participating in communities, engaging in Internet partnerships, and selling on the Internet, and the best of the b-to-b marketers truly understand and leverage the power of integrating online and offline marketing.

So you will find that the fourth edition, more than previous editions, documents the use of the strategies by successful b-to-b marketers as much as it describes the strategies themselves. This is a significant shift, because the market is moving from concept to execution. As a result, we have more statistics to share, more examples to study, and more successes to learn from.

The second fundamental market change is what many regard as the Dot-Com Crash, which began in late 2000 and extended into 2001. Unfortunately, Internet overexpansion intersected with a weakening

economy to create numerous spectacular failures among Internet “pure plays.” As a result, software companies, interactive and advertising agencies, and others who serviced the dot-com sector saw business opportunities evaporate. The stock market was not forgiving either.

When you put this into perspective, you can perhaps foresee the signals for the coming debacle. After all, there was an almost absurd amount of venture capital being thrown at companies with “com” in their names. At some point the Internet gold rush had to reverse itself.

Although the losses have been staggering, a few important lessons have been learned. One is that being a dot-com is not nearly enough to sustain a business. Perhaps dot-coms with business plans, an infrastructure, and customers could survive, but the Dot-Com Crash quickly weeded out the weakest.

Another lesson learned is that the Internet, although essential, is not always best used as an independent, exclusive business channel. At the same time that many Internet-only businesses were imploding, some click-and-mortar businesses were profiting. Companies like Dell and Lands’ End, who had already built successful direct order businesses, were seeing Internet revenues grow, but not at the expense of their traditional business model.

The paradox is that the downturn in the Internet-driven economy will likely make b-to-b Internet marketing, if properly executed, an even more significant component of marketing. The reason is *accountability*.

As you will read in this book, well-conceived b-to-b Internet marketing is rooted in the principles of direct marketing. Direct marketing can be controlled, tested, tracked, analyzed, refined, and measured. Its value is not based on generating awareness but rather on generating leads and orders you can count. Internet marketing is a form of direct marketing that goes far beyond what could be accomplished before, because now, b-to-b marketers can actually close the loop and *complete the marketing and sales cycle* at one time, in one place, online. That makes it truly accountable marketing.

This is great news for b-to-b marketers, especially in uncertain economic times. When budgets are being reallocated, the safe bet is on measurable media where results can be demonstrated. So, although there is sure to be some regrouping in b-to-b marketing, there is likely to be more reliance than ever on direct and Internet marketing going forward.

Despite the economic turbulence, the growth of the Internet in marketing and in business has not abated. As you will see from the statistics in this book, worldwide usage of the Internet continues to grow impres-

sively. Large businesses are moving their entire IT infrastructures to the Internet and are increasingly participating in exchanges and marketplaces. Smaller businesses are doing business over the Internet to gain competitive advantage. A new-world economy dependent on digital cash, digital signatures, and a wireless Internet is still on the horizon. And b-to-b remains the most promising segment of the new Internet economy.

We may have hit a speed bump on the road to our e-future...but there is little doubt that the road is still there.

# 1

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## The Age of the “e”

This is the Age of the “e”; e-marketing is the new term for marketing; eCRM is the latest positioning for Customer Relationship Management; e-commerce is an integral part of selling for most b-to-b companies. Today, organizations are either e-enabled or moving toward becoming e-businesses.

Although some of us have had enough, we must acknowledge that the “e” is representative of the influence of the Internet on business, our lives, and our world. Even as we assimilate the Dot-Com Crash of 2000–2001, we can be sure that the Internet’s impact is long term and sustainable.

Before we delve into specific strategies, we need to examine the marketplace, so Chapter 1 sets the stage for the rest of this book. Here we look at some important statistics, consider the Internet’s role in the b-to-b world, and explore the growing importance of the Internet as a gateway to global marketing.

### **The Numbers Game**

In this chapter and throughout the book, you will see statistics regarding Internet usage, e-business, and b-to-b e-commerce. The numbers are

changing so quickly they will be out of date by the time you read this sentence. Rely on such Web sources as eMarketer (*www.emarketer.com*), CyberAtlas (*www.cyberatlas.internet.com*), and Statmarket (*www.statmarket.com*) to gain access to the latest statistics.

Just to put things into perspective, let us examine a few of the more significant facts. By year-end 2000, according to CyberAtlas, there were about 136 million Internet users in the United States, 27 million in Japan, 19 million in Germany, and 18 million in the United Kingdom. eMarketer's 2001 eLatin America Report indicated that the number of Internet users in Latin America will reach close to 41 million by 2004, up from over 15 million in 2000.

Canadian research firm Ipsos-Reid (*www.angusreid.com*) says that in 2000, there were about 350 million adults worldwide using the Internet by year's end. The firm reported that Canada and Sweden actually led the United States in terms of percentage of the population using the Internet.

According to International Data Corporation (*www.idc.com*), worldwide e-commerce revenue was about \$350 billion in 2000 and will rise to about \$3.14 trillion by 2004. GartnerGroup (*www.gartner.com*) says worldwide b-to-b online sales will grow from \$433 billion in 2000, to \$919 billion in 2001, to \$8.5 trillion by 2005. The Boston Consulting Group (*www.bcg.com*) estimates b-to-b online revenue in Asia will be \$430 billion by 2003.

The Internet's economic impact is reported in research conducted by the University of Texas' Center for Research in Electronic Commerce, commissioned by Cisco Systems (*www.internetindicators.com*). The fourth study covering the first half of 2000 reveals some fascinating statistics:

- Although dot-coms have been the center of media attention, they are not the center of the Internet economy. Only 9.6% of the firms in the study are true dot-coms, with 95% or more of their revenue from the Internet.
- For Internet economy companies, Internet revenue is one quarter the size of non-Internet revenue, but growing three times as fast as corporate revenue as a whole. In the first half of 2000, Internet economy companies generated \$1 of every \$5 in revenue from the Internet. Internet economy revenue is growing twice as fast as Internet economy employment. The Internet economy was pro-